



Fiscal Services Division
P.O. Box 942703
Sacramento, CA 94229-2703
Telecommunications Device for the Deaf - (916) 795-3240
(916) 795-7756 FAX (916) 795-7900

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AGENDA ITEM 12

TO: MEMBERS OF THE FINANCE COMMITTEE

- I. SUBJECT:** Budget Increase due to Medicare Part D and Governmental Accounting Standards Board 45 Augmentation
- II. PROGRAM:** Administration
- III. RECOMMENDATION:** We recommend the Board of Administration approve an increase of \$3,424,000 and 5.5 positions in the Fiscal Year (FY) 2006-07 Administrative Budget.

IV. ANALYSIS:

The 2006 Budget Act included two Spring Finance Letters to augment CalPERS' FY 2006-07 Administrative Budget.

The first adjustment included the establishment of a Special Deposit Fund for \$489,000 and 5.5 permanent positions for the implementation of the Medicare Part D Subsidy program. This funding authority will be used to implement the processing of Medicare Part D eligibility, file reconciliation, and subsidy requests.

The second adjustment was a one-time augmentation to the Contingency Reserve Fund for \$2,935,000 to fund CalPERS' Governmental Accounting Standards Board (GASB) 45 efforts. This funding authority will be used to perform data extracts, develop a health actuary assumption model, and execute a requirements analysis and cost study to assist contracting public agencies in complying with GASB requirements.

ADMINISTRATIVE BUDGET

With the proposed revision, the FY 2006-07 administrative budget totals \$265,255,143 and 1,929.5 positions. This reflects the addition of the two Spring Finance Letters as approved in the 2006 Budget Act. The following chart provides a re-cap of the proposed revised budget.

FY 2006-07 Revised Budget		
	Dollar Amount	Positions
Current Budget	\$261,831,143	1,924.0
Medicare Part D	489,000	5.5
GASB 45	2,935,000	-
<i>Revised FY 2006-07 Budget</i>	\$265,255,143	1,929.5

The attached chart shows the proposed revised budget by funding source.

V. STRATEGIC PLAN:

This item is not a specific product of the Strategic Plan. It is brought to the Finance Committee and the full Board of Administration to satisfy the following requirements: Obtain approval of FY 2006-07 revised administrative budget.

VI. RESULTS/COSTS:

The CalPERS FY 2006-07 administrative budget will increase by \$3,424,000 and 5.5 positions, or 1.3 percent, to \$265,255,143. The recommendation contained in this agenda will take effect upon the approval of this item by the Board of Administration.

Russell G. Fong, Chief
Fiscal Services Division

John Hiber
Assistant Executive Officer
Administrative Services Branch

Attachment